Judgment

UNITED STATES COURT OF APPEALS
FOR THE
SECOND CIRCUIT

At a Stated Term of the United States Court of Appeals, in and for the Second Circuit, held at the United States Courthouse in the City of New York, on the sixteenth day of February one thousand nine hundred and sixty-eight.

Present:

HON. J. EDWARD LUMBARD,

Chief Judge,

HON. STERRY R. WATERMAN,
HON. HENRY J. FRIENDLY,

Circuit Judges.

IRENE BARTSCH,

Plaintiff-Appellant,

—v.—

METRO GOLDWYN MAYER, INC.,

Defendant-Appellee.

Appeal from the United States District Court for the Southern District of New York.

This cause came on to be heard on the transcript of record from the United States District Court for the Southern District of New York, and was argued by counsel.

Judgment

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the judgment of said District Court be and it hereby is affirmed.

/s/ A. David Fusaro
Clerk

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Memorandum Opinion of Judge Bryan

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BRYAN, District Judge:

This action for copyright infringement, brought under 17 U. S. C. § 101, et seq., was tried before me without a jury. The dispute arises out of television exhibitions by defendant of the motion picture "Maytime."

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I.

Most of the factual background is not in dispute and is as follows: On June 1, 1914, certificate of copyright D-37173 was issued to Rudolf Bernauer and Rudolph Schanzer as authors of a dramatic composition "Wie Einst Im Mai" written in German with music by Walter Kollo and Willy Bredschneider.[1] Some time during the 1920's "Wie Einst Im Mai" was drawn upon as the basis for the musical play or operetta "Maytime" which was copyrighted and produced for the theatre.[2] The operetta, with libretto and lyrics by Rita Johnson Young and musical score by Sigmund Romberg, had a highly successful Broadway run.

On January 23, 1930, Hans Bartsch, the late husband of the present plaintiff, obtained exclusive motion picture rights for "Wie Einst Im Mai" from the authors, Schanzer and Bernauer, and from several others owning interests in the composition. This grant in specific terms transferred to Bartsch "the sole and exclusive rights to use, adapt, translate, add to and change the said operetta or musical play and the title thereof in the making of motion picture photoplays, and to project, transmit and otherwise reproduce the said work or any adaptation or version thereof,

[1] Pl. Ex. 1; Def. Ex. A, B; Tr. 27.

[2] Pl. Ex. 11; Def. Ex. G, F, B; Tr. 9-10.

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visually and audibly by the art of cinematography or any other process analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the world * * * .[3] On May 12, 1930, Warner Bros. Pictures (Warner) obtained from Bartsch the exclusive right to make a motion picture based on "Wie Einst Im Mai" and "to project, transmit and otherwise reproduce the said musical play or any adaptation or version thereof visually and audibly by the art of cinematography or any process analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the world * * * ."[4] Defendant Metro-Goldwyn-Mayer, Inc. (M.G.M.) succeeded to all of Warner's rights in "Maytime" and "Wie Einst Im Mai" by agreement dated February 27, 1935.[5]

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On October 31, 1935, Rudolph Schanzer assigned to Hans Bartsch all his right, title and interest in the "Wie Einst

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[3] Def. Ex. A.

[4] Def. Ex. B provides in pertinent part:

> "Owner hereby grants and assigns unto Purchaser, its successors and assigns, the motion picture rights throughout the world, in and to a certain musical play entitled 'WIE EINST IN MAI', * * * for the full period of all copyrights and any renewed and extended terms thereof, together with the sole and exclusive right to use, adapt, translate, add to, subtract from, interpolate in and change said musical play, and the title thereof (subject so far as the right to use said title is concerned to Paragraph 7 hereof), in the making of motion picture photoplays and to project, transmit and otherwise reproduce the said musical play or any adaptation or version thereof visually and audibly by the art of cinematography or any process analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the world * * * ."

[5] Def. Ex. C; see Tr. 59.

Im Mai" copyright and all renewals thereof.[6] On January 10, 1938, Rudolph Bernauer made a similar grant transferring all his copyright interest and renewal rights in the work to Bartsch.[7] On October 14, 1941, the Copyright Office issued a certificate of renewal of the "Wie Einst Im Mai" copyright to the authors Bernauer and Schanzer.[8] On October 10, 1942, Bernauer in writing assigned his interest in the renewal copyright to Hans Bartsch.[9] Schanzer made no additional transfer after the renewal copyright was registered; it appears, however, that the prior assignment of October 31, 1935, was sufficient in itself to transfer whatever interest he had in the renewal.

Bartsch died as a New York resident on July 10, 1953. His will[10] was duly admitted to probate on September 3, 1952, and letters testamentary were on that day granted to plaintiff Irene Bartsch.[11] Pursuant to the terms of the will Mrs. Bartsch, as executrix, transferred all of her hus-

band's interest in the "Wie Einst Im Mai" renewal copyright to herself. In this suit for infringement she seeks to enforce rights obtained under this assignment.

The following course of events led to this suit against M.G.M. for an alleged infringement of the renewal copyright: Some time during 1936 and 1937 defendant produced

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[6] Pl. Ex. 5.

[7] Pl. Ex. 4.

[8] Pl. Ex. 6.

[9] Pl. Ex. 7.

[10] Pl. Ex. 8.

[11] Pl. Ex. 9.

and commenced distribution and exhibition of the motion picture film entitled "Maytime."[12] There is no question that the story of this motion picture is based in whole or in substantial part on the musical dramatic play of the same name written by Rita Johnson Young.[13] The motion picture was first copyrighted on March 18, 1937; a renewal subsequently was issued on March 19, 1954.[14]

On July 6, 1950, M.G.M. obtained a confirmation from G. Schirmer, Inc. of all rights under the "Maytime" renewal copyright—including the right to televise the motion picture.[15] M.G.M. received a similar confirmation from Sigmund Romberg on July 26, 1950, assuring the transfer of all rights under the renewal copyright.[16] This confirmation

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also specified the right to exhibit "Maytime" over television. On September 11, 1952, however, as the dispute between these parties crystallized, plaintiff confirmed to defendant only whatever rights under the "Wie Einst Im Mai" renewal copyright Hans Bartsch had originally granted to Warner in the original assignment of May 12, 1930.[17] During 1958 defendant M.G.M. commenced licensing the motion picture "Maytime" for exhibition on television.[18] Plaintiff charges that the licensing and exhibition of the "Maytime"

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[12] See Def. Ex. D; Tr. 89.

[13] Pre-Trial Order.

[14] Tr. 89.

[15] Def. Ex. F.

[16] Def. Ex. G.

[17] Def. Ex. H.

[18] See Tr. 84.

film over television constitutes an infringement by the defendant, and she therefore seeks damages and injunctive relief under the copyright law.

II.

The respective contentions of the parties are quite straightforward. Plaintiff takes the position that the crucial May 12, 1930 transfer of motion picture rights from Hans Bartsch to defendant's predecessor in interest, Warner,[19] did not include the right to exhibit "Wie Einst Im Mai" or "Maytime" on television. For this reason plain-

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tiff contends that any and all television performances constitute infringements of her renewal copyright entitling her to relief.

Defendant M.G.M., on the other hand, takes the simple position that all rights to exhibit the film on television were relinquished by the May 12, 1930 transfer. It urges further that in any event Hans Bartsch made an absolute and unconditional transfer to it of any and all rights of whatsoever nature he received from persons owning an interest in "Wie Einst Im Mai"[20] and retained nothing on which a claim of infringement can be based.[21]

The first narrow issue posed by these contentions is whether the May 12, 1930 grant was broad enough to constitute a conveyance of television exhibition rights. More

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[19] Def. Ex. B.

[20] Note 3 *supra*.

[21] There is no claim here that the 1930 grant was broad enough to convey to the grantee live television rights. We are concerned only with rights to exhibit the film on television.

particularly, the question is whether the right to exhibit "Maytime" on television was embraced in a conveyance of "motion picture rights" authorizing Warner "to project, transmit and otherwise reproduce the said musical play or any adaptation or version thereof visually and audibly by the art of cinematography or any process analogous thereto * * * ."

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III.

The parties recognize that the correct disposition of this issue requires a determination of the intent of the principals as manifested in the contract of May 12, 1930. As in Meyers v. Selznick Co., 373 F. 2d 218, 222 (2d Cir. 1966), the words used by the parties in this crucial document are hardly so "'plain and clear' as to exclude proof of surrounding circumstances and other extrinsic aids to interpretation." Accordingly the parties introduced evidence throwing light on the general practices of the motion picture industry in 1930. Unfortunately neither side was able to produce a witness who was directly involved in the negotiations or preparation of the particular grant with which we are directly concerned.

During 1930 the future possibilities of television were recognized by knowledgeable people in the entertainment and motion picture industries. There is no question that upon occasion rights to exhibit motion pictures on television were specifically bargained for and transferred during that year.[22] Plaintiff introduced in evidence several

[22] This was so although the showing of movies on television was not common practice until the 1950's; defendant M.G.M., for ex-

grants to Warner during this period containing a specific

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reference to the right to televise motion pictures.[23] On the other hand, at about the same time Warner also obtained several broad grants of motion picture rights omitting any specific reference to television.[24]

In the case at bar I do not deem the absence of any specific reference to television in the crucial 1930 transfer to Warner to be of any controlling significance. In the first place, of course, grants and assignments to Warner by others during the same period obviously are not indicative of the precise scope of Bartsch's grant to Warner, particularly in the absence of any evidence that Bartsch was aware of them. McLoghlin v. Nat'l Mohawk Valley Bank, 139 N. Y. 514, 522 (1893); Catalino v. J. C. MacElroy Co., 13 App. Div. 2d 914, 215 N. Y. S. 2d 873 (1st Dep't 1961) (per curiam).

Moreover, we are by no means left in the dark as to exactly what bundle of rights was actually embraced by the 1930 transfer. The pertinent language in the contract of May 12, 1930, is strongly suggestive of the conclusion that the transferor Bartsch relinquished "Maytime" television rights. The phrase "to project, transmit and other-

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wise reproduce the said musical play" appears to represent an attempt by the parties to exhaust all possibilities with re-

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ample, did not commence licensing its motion pictures for television until 1957. See Tr. 80.

[23] Pl. Ex. 18-26.

[24] Def. Ex. O, P, Q, R, S.

spect to the exhibition of the film. It was generally understood in the industry during 1930 that phrases such as the catch-all term "otherwise reproduce" were included in grants of film rights to assure an enlargement of the rights granted.[25] And I have little difficulty on this record in reaching the conclusion that exhibition of the film on television is simply another way of projecting, transmitting and reproducing the play within the contemplation of the 1930 contract. This is true although, naturally enough, the parties who negotiated the grant were evidently not fully aware of the great commercial potential in motion picture entertainment through the medium of television.

In addition, defendant has established here that the exhibitions of the film on television qualify as reproductions of the play "by the art of cinematography or any process analogous thereto." The art of cinematography means generally the production of "a motion picture in any shape, form, size, color dimension" and thereafter making "use of that motion picture."[26] The adjective "analogous" in this contract means "corresponding to something else" or "bear-

ing some resemblance or proportion." Webster, New International Dictionary 94 (2d ed. 1954). The exhibition of a film through the television medium is certainly the utilization of a process analogous to or resembling the art of cinematography.

John Whittaker, defendant's well qualified expert witness, fully explained the respective techniques and mechanical operations of exhibiting a film in a theatre as compared

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[25] See Tr. 192-196.

[26] Tr. 195; see Tr. 147.

with reproduction of a film image on a television screen in the home. His testimony was uncontradicted, since plaintiff did not produce an expert. The processes of theatre and home television exhibition are markedly similar. In a theatre the images in a motion picture film are produced by a projector casting rays of light against a screen. A shutter controls the various degrees of brightness which make up the picture seen by the audience. Similarly, the customary practice for exhibiting motion picture films over television requires the use of a standard projector, sound head and lenses like those which are used in the theatre.[27] A very small image is projected against a photosensitive electronic scanning system, rather than a standard screen, and the information by a process of transduction is converted into electrical energy, transmitted over the air in

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electrical impulses, and carried into the home where it is again converted by the viewer's set.[28] The process of "unscrambling" or "descanning" the air-wave transmission so as to cast the image on the television screen is quite similar to that which takes place on the threatre screen, except that on the set in the home an electronic shutter, rather than a mechanical shutter, is used to control the picture image.[29] Finally, the audio or sound portions of the film are transmitted entirely by wires in the theatre, whereas, of course, in television the airwaves necessarily provide part of the medium of transmission between the wires at

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[27] Tr. 150.

[28] Tr. 162; see United Artists Television, Inc. v. Fortnightly Corp., 255 F. Supp. 177, 190 (S. D. N. Y. 1966), aff'd, —— F. 2d —— (1967).

[29] Tr. 162, 163.

the beginning and the end of the process. The intervention of the airwaves results in only a split-second hiatus and does not prevent the receiver at home from communicating the sound just as rapidly as the transmission in a large theatre.[30]

It is evident, therefore, that the process of exhibiting a motion picture over television provides a very close analogy to an exhibition in a theatre. This was true in 1930 from the point of view of the production and commercial end of

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the motion picture industry.[31] And this is true today from the point of view of the technical and mechanical processes involved, as Whittaker's testimony firmly established. As plaintiff brought out on cross-examination, the only substantial difference between the theatre and home television exhibitions concerns the intervention of the airwaves in the transmission or communication process. While this factor prevents the two processes from being identical, it certainly does not destroy the close analogy between them.

Beyond this, the broad, sweeping phrase "by the art of cinematography or any process analogous thereto," like the expansive terms "project, transmit or otherwise reproduce," was evidently included in the contract as a means of enlarging the grant to Warner.[32] In my view this protective language was sufficiently broad to assure that Warner obtained the television rights here in issue. This is a case like L. C. Page & Co. v. Fox Film Corp., 83 F. 2d 196, 199 (2d Cir. 1936), where "the genus embraced the

[30] See Tr. 166.

[31] Tr. 179-82.

[32] Tr. 196.

later developed species." I therefore find that plaintiff's predecessor in interest, Hans Bartsch, relinquished all rights to exhibit "Maytime" on television by the express terms of the May 12, 1930 transfer to Warner.

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There is yet a further reason why plaintiff cannot prevail in this action. As mentioned, on January 23, 1930, Bartsch obtained from several persons having an interest in "Wie Einst Im Mai" all motion picture rights "together with the sole and exclusive rights to use, adapt, translate, add to and change the said operetta or musical play and the title thereof in the making of motion picture photoplays, and to project, transmit and otherwise reproduce the said work or any adaptation or version thereof, visually and audibly by the art of cinematography or any process analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the world * * *."[33] On May 12, of the same year Bartsch turned around and for all practical purposes transferred to Warner any and all rights he had obtained on January 23. With minor variations not here material the May 12 transfer to Warner reiterated *in haec verba* the language delimiting the extent of the rights Bartsch had obtained on January 23.[34] In short, Bartsch transferred to Warner nothing less nor more (i.e., everything) he had received from the prior owner.[35]

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[33] Def. Ex. A.

[34] See Def. Ex. B.

[35] The only specific reservation to the unqualified transfer to Warner related to Bartsch's conditional exercise of rights "only in the German language and for the territory of Germany, Hungary,

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"One method of ascertaining what has or has not been transferred is to see what has been retained by the grantor." Allied Chemical Corp. v. United States, 370 F. 2d 697, 699 (2d Cir. 1967). Since Bartsch transferred to Warner, M.G.M.'s predecessor in interest, everything he obtained from *his* grantors, there was nothing for him to retain. He thus could not have retained the television rights. This is quite consistent with the testimony of Robert W. Perkins who, as counsel to Warner in 1930, approved the contract with which we are concerned upon the understanding that his employer had effectively obtained television rights, a conclusion which was based, among other things, on the identity between what was granted to Bartsch and what Bartsch granted to Warner.[36]

Plaintiff points to a general reservation of rights in the 1930 transfer[37] as evidence of the fact that Bartsch did not

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specifically intend to relinquish unspecified rights, in particular the privilege to exhibit the film on television. Such

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Austria, Jugoslavia, Czecho-Slavia, German-Switzerland, Scandinavia and Holland and none other." These limited German-language rights were later expanded to include the territories of Belgium, Def. Ex. F, and Luxembourg, Def. Ex. J.

[36] Tr. 204.

[37] Paragraph 13 of Def. Ex. B provides: "The rights which the Purchaser obtains from the Owner in 'WIE EINST IN MAI' and/or 'MAYTIME' are specifically limited to those granted herein. All other rights now in existence or which may hereafter come into existence shall always be reserved to the owner and for his sole benefit, but nothing herein contained shall in any way limit or restrict the rights which Purchaser has acquired or shall hereafter acquire from any other person, firm, or corporation in and to 'WIE EINST IN MAI' and/or 'MAYTIME'."

a general reservation, however, was by no means unusual in assignments of motion picture rights of this type in 1930,[38] and this particular provision is virtually useless in illuminating the specific intent of the parties as manifested by their contract. Warner obtained nothing more and nothing less than what was specifically relinquished. Bartsch retained nothing more and nothing less than what was specifically reserved. These observations scarcely illuminate the ultimate issue. I therefore find that Hans Bartsch unconditionally transferred to Warner any and all television rights he had secured from those owning interests in "Wie Einst Im Mai."

Since I have found for the defendant on this crucial question of the scope of the grant made in the assignment of

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May 12, 1930,[39] it is unnecessary to consider the alternative claims that plaintiff is barred by laches and that the motion picture "Maytime," though based in whole or in part on the composition "Wie Einst Im Mai,"[40] nevertheless

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[38] Tr. 135-37.

[39] Because of the fact that this case turns on the particular language incorporated in the contract defining the rights of the parties, the precedents relied upon are for the most part unilluminating. Ettore v. Philco Television Broadcasting Corp., 229 F. 2d 481 (3d Cir.), *cert. den.*, 351 U. S. 926 (1956) and Norman v. Century Athletic Club, 193 Md. 584, 69 A. 2d 466 (1949), are both distinguishable. The grant in *Ettore*, which was held not to effectuate a transfer of television rights, apparently embraced nothing beyond a naked grant of "motion picture rights." *Norman* also turned on the peculiar language of the instrument there involved and held only that television rights were not included within "the privilege of broadcasting" boxing bouts.

[40] Pre-Trial order.

does not constitute an infringement within the meaning of the copyright law.

Judgment will be entered for defendant.

The foregoing opinion constitutes my findings of fact and conclusions of law pursuant to Rule 52, F. R. C. P.

It is so ordered.

Dated: New York, N. Y.
July 11, 1967

FREDERICK VP. BRYAN
United States District Judge

Defendant's Exhibit A

KNOW ALL MEN BY THESE PRESENTS, that we,

Rudolf Schanzer and Rudolph Bernauer	(	authors of the libretto of a certain musical play entitled "Wie einst im Mai",
Walter Kollo and Willy Bredschneider	(	composers of the music of the same,
Drei Masken Verlag, A.G.,		publishers of the same,
Felix Bloch Erben and Carl Meinhard	(	owners of certain interests in the same,

which said musical play was produced in the United States of America under the title "MAYTIME", for a valuable consideration, receipt whereof is hereby acknowledged, hereby grant and assign unto HANS BARTSCH, his heirs, executors, administrators and assigns, the motion picture rights and all our right, title and interest in and in connection with such motion picture rights of the said operetta or musical play, throughout the world, together with the sole and exclusive rights to use, adapt, translate, add to and change the said operetta or musical play and the title thereof in the making of motion picture photoplays, and to project, transmit and otherwise reproduce the said work or any adaptation or version thereof, visually and audibly by the art of cinematography or any process analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the world; together with the further sole and exclusive rights by mechanical and/or electrical means to record, reproduce and transmit sound, including spoken words, dialogue, songs and music,

and to change such dialogue, if extracted from said works, and to interpolate or use other dialogue, songs and music in or in connection with or as part of the said motion picture photoplays, and the exhibition, reproduction and transmission thereof, and to make, use, license, import and vend any and all records or other devices required or desired for any such purposes.

We hereby further grant to said Hans Bartsch, his successors and assigns, all our right, title and interest in and to the right to make and publish synopses, scenarios and novelized versions of such motion picture photoplays for advertising purposes.

We hereby warrant that we have not heretofore granted or assigned any of the aforesaid rights, except for the sale of the motion picture rights to said Hans Bartsch on February 25, 1920.

We further warrant that said operetta or musical play "WIE EINST IM MAI", as written in the German language by said Schanzer and Bernauer, is wholly original and not copied in whole or in part from any other work.

This instrument shall bind the undersigned and their respective heirs, executors, administrators and assigns, and shall inure to the benefit of said Hans Bartsch, his heirs, executors, administrators and assigns.

Defendant's Exhibit A

IN WITNESS WHEREOF, we have hereunto set our hands and affixed our seals this 23rd day of January, 1930.

/s/ RUDOLPH SCHANZER (L.S.)

/s/ RUDOLF BERNAUER (L.S.)

/s/ WALTER KOLLO (L.S.)

/s/ WILLY BREDSCHNEIDER (L.S.)

/s/ CARL MEINHARD (L.S.)

DREI MASKEN VERLAG, A. G.

/s/ LUDWIG FRIEDMANN (L.S.)

/s/ FELIX BLOCH ERBEN (L.S.)

[Acknowledged]

Defendant's Exhibit B

COPYRIGHT OFFICE
OF THE UNITED STATES OF AMERICA

THE LIBRARY OF CONGRESS

WASHINGTON

This is to certify that the pages attached hereto constitute a true copy of the instrument recorded in the copyright office records of assignments and related documents volume 338, page(s) 198-207, on October 9, 1935.

IN TESTIMONY WHEREOF, the seal of this office is affixed hereto on March 22, 1960.

/s/ ARTHUR RIBER
Register of Copyrights

[SEAL]

Defendant's Exhibit B

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(Letterhead of Warner Bros. Pictures, Inc., New York)

May 12th, 1930

Mr. Hans Bartsch,
1639 Broadway,
New York City.

Dear Sir:—

Referring to the agreement between you and this corporation of even date, it is agreed that the consideration for all rights, licenses, privileges, property, warranties and covenants conveyed thereunder to this corporation and/or its successors and assigns shall be the sum of Twenty-three Thousand Dollars ($23,000.), the receipt in full of which you hereby acknowledge.

Your signature in the place indicated below will constitute your agreement to the above.

Very truly yours,

WARNER BROS. PICTURES, INC.

By /s/ ALBERT WARNER
Vice Pres.

I agree to the above and
acknowledge receipt of your certified
check in the sum of $23,000.
as payment in full.

/s/ [redacted]S BARTSCH
Hans Bartsch

Defendant's Exhibit B

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AGREEMENT entered into this 12th day of May, 1930, by and between HANS BARTSCH, being hereinafter known as the "Owner" and WARNER BROS. PICTURES, INC., a Delaware corporation, hereinafter known as the "Purchaser",

WITNESSETH:

WHEREAS, Owner owns the rights hereinafter assigned and purported to be assigned, and Purchaser is desirous of acquiring the same,

NOW THEREFORE, in consideration of the mutual covenants and promises hereinafter contained, it is agreed as follows:

24. ~~1.~~ Owner hereby grants and assigns unto Purchaser, its successors and assigns, the motion picture rights throughout the world, in and to a certain musical play entitled "WIE EINST IN MAI", . . .* ~~libretto and lyrics by Rudolf Schanzer and Rudolph Bernauer, music by Walter Kollo and Willy Bredschneider,~~ for the full period of all copyrights and any renewed and extended terms thereof, together with the sole and exclusive right to use, adapt, translate, add to, subtract from, interpolate in and change said musical play, and the title thereof, (subject so far as the right to use said title is concerned to Paragraph 7 hereof) in the making of motion picture photoplays and to project, transmit and otherwise reproduce the said musical play or any adaptation or version thereof visually and audibly by the art of cinematography or any process

* Ellipses handwritten insertion and quotations added.

analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the

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world . . . *" together with the further sole and exclusive right by mechanical and/or electrical means to record, reproduce and transmit sound, including spoken words, dialogue, songs and music, and to change such dialogue, if extracted from said musical play, and at its own expense and responsibility to interpolate and use other dialogue, songs and music in or in connection with or as part of said motion picture photoplays, and the exhibition, reproduction and transmission thereof, and to make, use, license, import, vend and copyright any and all records or other devices made or required or desired for any such purposes.

2. Owner further grants and assigns to Purchaser, its successors and assigns, his right, title and interest in the rights above set forth in Paragraph 1 with respect to a version or adaptation of said musical play which was produced in the United States of America under the title "MAYTIME", libretto and lyrics by Rida Johnson Young, music by Sigmund Romberg.

3. The Owner warrants that neither he nor International Play Agency Inc. has hitherto granted, assigned, hypothecated or encumbered in any manner any of the rights mentioned in Paragraph 2 hereof.

4. Owner further grants and assigns to Purchaser, its successors and assigns, all his right, title and interest in and to the right to make and publish, synopses, scenarios

and novelized versions of such motion picture photoplays for advertising purposes.

5. Owner warrants that he owns the rights set forth in Paragraph 1 and that neither he nor International Play

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Agency Inc. has heretofore granted or assigned, hypothecated or encumbered any of the aforesaid rights, except for the sale by him of the motion picture rights in said musical play to the Shubert Theatrical Co. under date of June 9, 1923, and that he has full right, title and authority to assign the same as herein assigned, and that no outstanding rights to produce the musical play on the stage in the United States of America and Canada have been granted which have not already expired except possibly under the contract of February 19, 1917 with Sam S. and Lee Shubert, Inc. The Owner waives in favor of Purchaser, its successors and assigns, the letter dated January 31, 1930, addressed to Owner and signed by Felix Bloch Erben as well as all rights and benefits thereunder, a true and correct translation of which is attached hereto, made part hereof and marked "Exhibit A".

6. As full consideration for the representations, warranties and covenants, and for the rights, licenses, privileges and property herein assigned and conveyed to Purchaser, Purchaser agrees to pay, upon the execution and delivery of this instrument, the sum of money already agreed upon, receipt whereof is hereby acknowledged.

7. The Owner hereby reserves the right to exercise the rights granted Purchaser in Paragraph 1 hereof but only

in the German language and for the territory of Germany, Hungary, Austria, Jugo-Slavia, Czecho-Slavakia, German-Switzerland, Scandanavia and Holland and none other, but said reservation is upon the following conditions, which conditions Owner hereby agrees to fully perform:

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(a) That any motion picture photoplay or photoplays which Owner shall make or have made from "WIE EINST IM MAI" shall not be released in any country of said territory until two (2) years after the release in such country of the first motion picture photoplay made pursuant to the rights acquired hereunder by Purchaser, its successors and assigns, but said limitation shall in no event extend beyond May 1st, 1934;

(b) That any such motion picture photoplay or photoplays released by Owner shall contain none of the music of the version produced in the United States of America under the title "MAYTIME", and shall contain none of the music of said motion picture photoplay or photoplays released by Purchaser which was not also used in the musical play "WIE EINST IN MAI", and shall contain none of the libretto or dialogue of said American version which was not also used in the musical play "WIE EINST IN MAI";

(c) That Owner shall not use for any such motion picture photoplay or photoplays, nor release same under, the title "MAYTIME";

but it is expressly understood and agreed that nothing herein contained shall in any way limit or restrict the

absolute right of Purchaser to produce, release, distribute and/or exhibit the photoplay or photoplays produced hereunder based in whole or in part on "WIE EINST IN MAI" and/or "MAYTIME", in all countries of the world, including the territory mentioned in this paragraph, at any time, and regardless of the right herein reserved to the Owner. It is expressly understood and agreed that Purchaser will not release such photoplay or photoplays in the said territory under the title "WIE EINST IN MAI" unless agreed to in writing by the Owner.

8. The Purchaser agrees that the photoplay or photoplays which may be made by it of "MAYTIME" shall not contain any of the lyrics or music of "WIE EINST IN MAI" which was not also used in the American stage production of "MAYTIME".

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9. Purchaser hereby agrees that if it shall interpolate in any photoplay or photoplays which it may produce pursuant to the rights herein granted, any new and additional songs, it will pay or cause to be paid to Owner a royalty of two cents (2¢) upon each copy of any such songs which may be published, sold and paid for.

10. Purchaser agrees to pay or cause to be paid to Owner a royalty of twenty five percent (25%) of any and all sums which may be received by it for or on account of the mechanical reproduction on Gramaphone records or similar devices of any new and additional songs interpolated in any photoplay or photoplays which Purchaser may produce pursuant to the rights herein granted, but

nothing herein contained shall give Owner any right to any sums received from sound records used in connection with the distribution and/or exhibition of the photoplays.

11. Full true and itemized statements showing in detail the number of copies of each song printed and sold and the revenue from the aforesaid mechanical reproduction as provided in Paragraphs 9 and 10 respectively, shall be rendered to Owner regularly before the 10th day of January, April, July and October in each year and at the same time the sums due to the Owner hereunder shall be paid to him.

12. Purchaser shall have the right to assign in whole or in part any of the rights herein granted and assigned and said rights may in turn be reassigned without limit, but the Purchaser shall always remain responsible to the Owner for the prompt and complete fulfillment of all the terms and conditions herein contained.

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13. The rights which the Purchaser obtains from the Owner in "Wie Einst in Mai" and/or "Maytime" are specifically limited to those granted herein. All other rights now in existence or which may hereafter come into existence shall always be reserved to the Owner and for his sole benefit, but nothing herein contained shall in any way limit or restrict the rights which Purchaser has acquired or shall hereafter acquire from any other person, firm or corporation in and to "Wie Einst im Mai" and/or "Maytime".

Defendant's Exhibit B

14. The Owner hereby appoints the Purchaser his irrevocable attorney in fact, with the right but not the obligation and for the sole benefit of the Purchaser, but at the sole cost and expense of Purchaser, to enforce and protect all rights herein granted under any and all copyrights and to prevent infringement thereof, and to litigate, collect and receipt for all damages arising from any infringement of such rights, using the Owner's name in Purchaser's discretion, and to join, in Purchaser's sole judgment, the Owner as a party plaintiff or defendant in any such suit or proceeding.

15. Purchaser agrees to save Owner harmless from any loss, which Owner may suffer under the contract between Owner and G. Schirmer, Inc. of the 18th day of December, 1925, with reference to the publishing rights for the United Kingdom of Great Britain to "MAYTIME" but only in so far as such loss may arise out of any claim *or action thereunder* on the part of said G. Schirmer Inc. that said contract should be interpreted so that the first exhibition by Purchaser of the first photoplay produced hereunder in said territory shall be considered equivalent to the first presentation of "MAYTIME" on the spoken stage in said territory.

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16. This agreement shall bind the parties hereto, their heirs, successors, administrators, executors and assigns.

Italicized material handwritten interlineation, initialled by H.B. and A.W.

Defendant's Exhibit B

17. Each and every term of this agreement shall be construed in accordance with the laws of the United States of America and of the State of New York.

IN WITNESS WHEREOF, the parties hereto have signed and sealed and caused to be signed and sealed this instrument the day and year first above written.

/s/ HANS BARTSCH L.S.
Hans Bartsch

WARNER BROS. PICTURES, INC.

By /s/ ALBERT WARNER
Vice President

Attest:

/s/ E. K. HESSBERG
Asst. Secy.

[Acknowledged]

Defendant's Exhibit B

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EXHIBIT A

FELIX BLOCH ERBEN

TRANSLATION

January 31st, 1930.

Mr. Hans Bartsch

Berlin
Hotel Adlon
Unter den Linden

Dear Mr. Bartsch:—

In regard to the matter "WIE EINST IM MAI" we confirm that the Drei Masken Verleg has now advised us that the music publication rights were sold for North America and Canada and that furthermore two single numbers "DIE MANNER SIND ALLE VERBRECHER" and "ES WAR IN SCHONBERG IM MONAT MAI" were sold to Scandinavia. There are no more valid stage rights for "WIE EINST IM MAI" except those granted to you.

Respectfully,

(Sgd) FELIX BLOCH ERBEN
A. LAUKISCH

UNITED STATES COURT OF APPEALS

FOR THE SECOND CIRCUIT

No. 224—September Term, 1967.

(Argued December 6, 1967 Decided February 16, 1968.)

Docket No. 31633

IRENE BARTSCH,

Plaintiff-Appellant,

—v.—

METRO-GOLDWYN-MAYER, INC.,

Defendant-Appellee.

Before:

LUMBARD, *Chief Judge,*
WATERMAN and FRIENDLY, *Circuit Judges.*

Appeal from a judgment of the District Court for the Southern District of New York, Frederick vP. Bryan, *Judge,* dismissing a complaint in which a copyright owner sought to enjoin an assignee of motion picture rights from allowing the film to be exhibited on television. Affirmed.

MONROE E. STEIN (Heit & Rothenberg, New York, N. Y.; Stanley Rothenberg, of Counsel), *for Plaintiff-Appellant.*

EUGENE L. GIRDEN (Coudert Brothers, New York, N. Y.; Carleton G. Eldridge, Jr., of Counsel), *for Defendant-Appellee.*

Opinion of the Court of Appeals

FRIENDLY, *Circuit Judge*:

This appeal from a judgment of the District Court for the Southern District of New York raises the question whether, on the facts here appearing, an assignee of motion picture rights to a musical play is entitled to authorize the telecasting of its copyrighted film. Although the issue seems considerably closer to us than it did to Judge Bryan, we affirm the judgment dismissing the complaint of the copyright owner.

In January 1930, the authors, composers, and publishers of and owners of certain other interests in a German musical play "Wie Einst in Mai," which had been produced in this country as "Maytime" with a changed libretto and score, assigned to Hans Bartsch

> the motion picture rights and all our right, title and interest in and in connection with such motion picture rights of the said operetta or musical play, throughout the world, together with the sole and exclusive rights to use, adapt, translate, add to and change the said operetta or musical play and the title thereof in the making of motion picture photoplays, and to project, transmit and otherwise reproduce the said work or any adaptation or version thereof, visually or audibly by the art of cinematography or any process analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the world; together with the further sole and exclusive rights by mechanical and/or electrical means to record, reproduce and transmit sound, including spoken words, dialogue, songs and music, and to change such dialogue, if extracted from said works, and to interpolate or use other dialogue, songs and music in or in connection with or as part of said motion picture photoplays,

and the exhibition, reproduction and transmission thereof, and to make, use, license, import and vend any and all records or other devices required or desired for any such purposes.

In May of that year Bartsch assigned to Warner Bros. Pictures, Inc.

> the motion picture rights throughout the world, in and to a certain musical play entitled "WIE EINST IN MAI," libretto and lyrics by Rudolf Schanzer and Rudolph Bernauer, music by Walter Kollo and Willy Bredschneider, for the full period of all copyrights and any renewed and extended terms thereof, together with the sole and exclusive right to use, adapt, translate, add to, subtract from, interpolate in and change said musical play, and the title thereof (subject so far as the right to use said title is concerned to Paragraph 7 hereof), in the making of motion picture photoplays and to project, transmit and otherwise reproduce the said musical play or any adaptation or version thereof visually or audibly by the art of cinematography or any process analogous thereto, and to copyright, vend, license and exhibit such motion picture photoplays throughout the world, together with the further sole and exclusive right by mechanical and/or electrical means to record, reproduce and transmit sound, including spoken words, dialogue, songs and music, and to change such dialogue, if extracted from said musical play, and at its own expense and responsibility to interpolate and use other dialogue, songs and music in or in connection with or as part of said motion picture photoplays, and the exhibition, reproduction and transmission thereof, and to make,

use, license, import, vend and copyright any and all records or other devices made or required or desired for any such purposes.

By another clause Bartsch reserved the right to exercise for himself the rights generally granted to Warner Brothers insofar as these concerned German language motion pictures in certain countries and subject to specified restrictions:

> but it is expressly understood and agreed that nothing herein contained shall in any way limit or restrict the absolute right of Purchaser to produce, release, distribute and/or exhibit the photoplay or photoplays produced hereunder based in whole or in part on "Wie Einst in Mai" and/or "Maytime," in all countries of the world, including the territory mentioned in this paragraph, at any time, and regardless of the right herein reserved to the Owner.

A further clause recited

> The rights which the Purchaser obtains from the Owner in "Wie Einst in Mai" and/or "Maytime" are specifically limited to those granted herein. All other rights now in existence or which may hereafter come into existence shall always be reserved to the Owner and for his sole benefit, but nothing herein contained shall in any way limit or restrict the rights which Purchaser has acquired or shall hereafter acquire from any other person, firm or corporation in and to "Wie Einst in Mai" and/or "Maytime."

Warner Brothers transferred its rights to defendant Metro-Goldwyn-Mayer, Inc. early in 1935, which made, distributed and exhibited a highly successful motion picture

"Maytime." The co-authors of the German libretto, one in 1935 and the other in 1938, transferred all their copyright interests and renewal rights to Bartsch, whose rights in turn have devolved to the plaintiff, his widow. The controversy stems from MGM's licensing its motion picture for television, beginning in 1958.

Although the district judge upheld MGM's contention that the 1930 assignment from Bartsch to Warner Brothers included the right to permit telecasting of the motion picture to be made from the musical play, he thought there was "a further reason why plaintiff cannot prevail in this action," namely, that Bartsch had granted all that he had. This does not do justice to plaintiff's argument. Her position is that in 1930 Bartsch not only did not but could not grant the right to televise the motion picture since, under the similar language of the assignment to him, it was not his to grant; her claim of infringement is based not on the 1930 assignment to Bartsch of the motion picture rights but on the authors' later assignments of the full copyright.

The district court, appearing to consider that defendant's rights turned on the authorization "to project, transmit and otherwise reproduce the said musical play or any adaptation or version thereof visually and audibly by the art of cinematography *or any process analogous thereto*," concluded that television came within the phrase we have italicized. We have grave doubt on that score. We freely grant that "analogous" is a broader word than "similar," and also that the first step in a telecast of a film, namely, the projection of the motion picture to an electronic pickup, is "analogous" to throwing the picture on a theatre screen. But to characterize the to us nigh miraculous processes whereby these images actuate airwaves so as to cause electronic changes in sets in millions of homes which are then "unscrambled" or "descanned" and thus produce pic-

tures on television screens—along with the simultaneous electronic transmission of sound—as "analogous" to cinematography pushes the analogy beyond the breaking point. This is particularly so since the district court's construction would seem to lead to the conclusion that the assignment would entitle the assignee to "project, transmit and otherwise reproduce" the musical play by a live telecast—a right which pretty clearly was not granted and indeed has not been claimed.

As we read the instruments, defendant's rights do not turn on the language we have been discussing but rather on the broad grant, in the assignments to and from Bartsch, of "the motion picture rights throughout the world," which were spelled out to include the right "to copyright, vend, license and exhibit such motion picture photoplays throughout the world." The "to project, transmit and otherwise reproduce" language appears rather to have been directed at how the musical play was to be made into a photoplay. This may well have seemed a more vexing problem in 1930, due to uncertainties as to the best method for linking visual and audible reproduction, cf. *Paramount Publix Corp.* v. *American Tri-Ergon Corp.*, 294 U. S. 464 (1935), and whether a grant of motion picture rights to a play or novel included the right to sound reproduction, see *L. C. Page & Co.* v. *Fox Film Corp.*, 83 F. 2d 196 (2 Cir. 1936), than today. Being unclear whether sound reproduction would require alterations in previous methods of converting a play into a photoplay, Warner Brothers sought and obtained a considerable degree of freedom in that regard. On this view the clause whose meaning has been so hotly debated is irrelevant to the point here at issue, and decision turns rather on whether a broad assignment of the right "to copyright, vend, license and exhibit such motion picture photoplays throughout the world" includes the

right to "license" a broadcaster to "exhibit" the copyrighted motion picture by a telecast without a further grant by the copyright owner.

A threshold issue—which the pre-*Erie L. C. Page* decision was not required to take into account—is whether this question should be determined under state or federal law. The seventeenth paragraph of Bartsch's assignment says, somewhat unhelpfully, that "Each and every term of this agreement shall be construed in accordance with the laws of the United States of America *and* of the State of New York." [Emphasis supplied.] We hold that New York law governs. The development of a "federal common law" of contracts is justified only when required by a distinctive national policy and, as we found in *T. B. Harms* v. *Eliscu,* 339 F. 2d 823, 828 (2 Cir. 1964), citing many cases, "the general interest that copyrights, like all other forms of property, should be enjoyed by their true owner is not enough to meet this . . . test." Contrast *Murphy* v. *Colonial Savings and Loan Ass'n,* —— F. 2d —— (1967), and *Ivy Broadcasting Company, Inc.* v. *American Telephone & Telegraph Co.,* —— F. 2d —— (1968), with *McFaddin Express, Inc.* v. *The Adley Corp.,* 363 F. 2d 546 (2 Cir.), cert. denied, 385 U. S. 900 (1966). The fact that plaintiff is seeking a remedy granted by Congress to copyright owners removes any problem of federal jurisdiction but does not mean that federal principles must govern the disposition of every aspect of her claim. Cf. *DeSylva* v. *Ballentine,* 351 U. S. 570 (1956).

Unfortunately, when we turn to state law, we find that it offers little assistance. Two other situations must be distinguished. This is not a case like *Manners* v. *Morosco,* 252 U. S. 317 (1920), cited with approval, *Underhill* v. *Schenck,* 238 N. Y. 7 (1924), in which an all encompassing

grant found in one provision must be limited by the context created by other terms of the agreement indicating that the use of the copyrighted material in only one medium was contemplated. The words of Bartsch's assignment, as we have shown, were well designed to give the assignee the broadest rights with respect to *its* copyrighted property, to wit, the photoplay. "Exhibit" means to "display" or to "show" by any method, and nothing in the rest of the grant sufficiently reveals a contrary intention.[1] Nor is this case like *Kirke La Shelle Co.* v. *Armstrong Co.*, 263 N. Y. 79 (1938), in which the new medium was completely unknown at the time when the contract was written. Rather, the trial court correctly found that, "During 1930 the future possibilities of television were recognized by knowledgeable people in the entertainment and motion picture industries," though surely not in the scope it has attained. While *Kirke La Shelle* teaches that New York will not charge a grantor with the duty of expressly saving television rights when he could not know of the invention's existence, we have found no case holding that an experienced businessman like Bartsch is not bound by the natural implications of the language he accepted when he had reason to know of the new medium's potential.[2]

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1 The plaintiff points to paragraph 13 of the agreement, reproduced in the text, as indicating an intention to exclude television rights. The provision limits the rights of the assignee to those "specifically . . . granted herein," and saves to Bartsch "all other rights now in existence or which may hereafter come into existence." We cannot read this as standing for more than the truism that whatever Bartsch had not granted, he had retained.

2 In *Ettore* v. *Philco Television Broadcasting Corp.*, 229 F. 2d 481, cert. denied, 351 U. S. 926 (1956), the Third Circuit, applying Pennsylvania law, held that a 1935 contract granting moving picture rights did not permit the grantee to televise the film. However, unlike Bartsch, the grantor, Ettore, was not an experienced businessman but a prize fighter, and the Court relied heavily on his lack of sophistication in determining whether it was fair to charge him with knowledge of the new medium. *Id.* at 491, n. 14.

Plaintiff, naturally enough, would not frame the issue in precisely this way. Instead, she argues that even in 1930 Warner Brothers often attempted to obtain an express grant of television rights and that its failure to succeed in Bartsch's case should persuade us that, despite the broad language, only established forms of exhibition were contemplated. She buttresses this argument by producing a number of 1930 assignments to Warner Brothers, some of which specifically granted the right to televise motion pictures and others of which granted full television rights, and by adducing testimony of the Warner Brothers lawyer who had approved the assignment from Bartsch that on many occasions Warner Brothers attempted to secure an express grant of such rights but did not always succeed.

However, this is not enough to show that the Bartsch assignments were a case of that sort. For all that appears Warner Brothers may have decided that, in dealing with Bartsch, it would be better tactics to rely on general words that were sufficiently broad rather than seek an express inclusion and perhaps end up with the opposite, or may have used a form regular in the industry without thinking very precisely about television, or—perhaps most likely—may simply have parroted the language in the grant from Bartsch's assignors to him on the theory it would thus be getting all he had, whatever that might be. Indeed, it is really the assignment to Bartsch rather than the one from him that must control.[3] While plaintiff suggests that

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3 From all that appears, it would seem that this first assignment was negotiated in Germany and that German law would apply in its interpretation. Since neither party has suggested that German law differs from New York law in any relevant respect, we have not embarked on an independent investigation of the matter. *El Hoss Engineering & Transportation Co.* v. *American Independent Oil Co.*, 183 F. Supp. 394, 399 (S. D. N. Y. 1960), rev'd on other grounds, 289 F. 2d 346 (2 Cir.), cert. denied, 368 U. S. 837 (1961). Though new Rule 44.1 establishes that courts may, in their discretion, examine foreign legal sources inde-

Warner Brothers may have furnished Bartsch the forms to be used with his assignors, this is sheer speculation. There is no showing that the form was unique to Warner Brothers; indeed the contrary appears.

With Bartsch dead, his grantors apparently so, and the Warner Brothers lawyer understandably having no recollection of the negotiation, any effort to reconstruct what the parties actually intended nearly forty years ago is doomed to failure. In the end, decision must turn, as Professor Nimmer has suggested, The Law of Copyright §125.3 (1964), on a choice between two basic approaches more than on an attempt to distill decisive meaning out of language that very likely had none. As between an approach that "a license of rights in a given medium (*e.g.*, 'motion picture rights') includes only such uses as fall within the unambiguous core meaning of the term (*e.g.*, exhibition of motion picture film in motion picture theaters) and exclude any uses which lie within the ambiguous penumbra (*e.g.*, exhibition of motion picture film on television)" and another whereby "the licensee may properly pursue any uses which may reasonably be said to fall within the medium as described in the license," he prefers the latter. So do we. But see Warner, Radio and Television Rights §52 (1953). If the words are broad enough to cover the new use, it seems fairer that the burden of framing and negotiating an exception should fall on the grantor; if Bartsch or his assignors had desired to limit "exhibition" of the motion picture to the conventional method where light is carried from a projector to a screen directly beheld

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pendently, it does not require them to do so in the absence of any suggestion that such a course will be fruitful or any help from the parties. Miller, Federal Rule 44.1 and the "Fact" Approach to Determining Foreign Law: Death Knell for a Die Hard Doctrine, 65 Mich. L. Rev. 615, 692-702 (1967).

by the viewer, they could have said so. A further reason favoring the broader view in a case like this is that it provides a single person who can make the copyrighted work available to the public over the penumbral medium, whereas the narrower one involves the risk that a deadlock between the grantor and the grantee might prevent the work's being shown over the new medium at all. Quite apart from the probable impracticality, the assignments are broad enough even on plaintiff's view to prevent the copyright owners from licensing anyone else to make a photoplay for telecasting. The risk that some May might find the nation's television screens bereft of the annual display of "Maytime," interlarded with the usual liberal diet of commercials, is not one a court can take lightly.

Affirmed.